



State of Wisconsin
 Department of Employee Trust Funds
 Robert J. Conlin
 SECRETARY

801 W Badger Road
 PO Box 7931
 Madison WI 53707-7931
 1-877-533-5020 (toll free)
 Fax 608-267-4549
 etf.wi.gov

Correspondence Memorandum

Date: May 31, 2017
To: Employee Trust Funds Board
From: Cindy Klimke-Armatoski, CPA
 Chief Trust Finance Officer
Subject: January 1, 2017 Duty Disability Actuarial Valuation

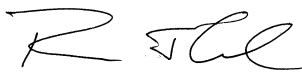
ETF requests the Employee Trust Funds Board (Board) approve the Duty Disability Plan Actuarial Review as of January 1, 2017 and the 2018 Contribution Rate Tiers.

Milliman, Inc. has completed the January 1, 2017 actuarial valuation of the Duty Disability program. The results of the valuation are as follows (millions \$):

	2016	2017
Actuarial Accrued Liability		
Active Employees	\$ 104	\$ 105
Disabled and Survivors	<u>419</u>	<u>453</u>
Total	523	558
Actuarial Value of Assets	<u>604</u>	<u>615</u>
Unfunded Actuarial Accrued Liability	(81)	(57)
Funded Ratio	115%	110%
Annual Required Contribution	\$8.1	\$9.9

Plan funding decreased from 115% to 110% in the last year. This was the result of an increase in the liability, primarily due to an increase in the number of disabled lives and an increase in the average monthly benefit amount. At 110% funded, the plan remains in excellent financial condition.

Duty Disability contribution rates are based on an experience rated tier schedule. Annually, an actuarial adjustment rate is applied to every tier in the schedule. While the

Reviewed and approved by Robert J. Conlin, Secretary

 Electronically Signed 6/8/17

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contribution rate tier structure remains constant, the actual contribution rates for each tier are adjusted to meet the plan's current funding needs.

The increased plan liabilities result in the 2018 actuarially recommended Annual Required Contribution to be increased from \$8.089 million in 2017 to \$9.936 million. Each experience tier Base Contribution Rate will be reduced by 8% to match this contribution target. The contribution rate schedule for 2018 is shown below.

Tier	Base Contribution Rate	Actuarial Adjustment Rate	2018 Contribution Rate	2017 Contribution Rate	# of Employers
1	0.25%	(0.02%)	0.23%	0.20%	412
2	0.50%	(0.04%)	0.46%	0.40%	43
3	1.00%	(0.08%)	0.92%	0.80%	28
4	1.75%	(0.14%)	1.61%	1.40%	11
5	2.75%	(0.22%)	2.53%	2.20%	6
6	4.00%	(0.32%)	3.68%	3.20%	3
7	5.50%	(0.44%)	5.06%	4.40%	2
8	6.60%	(0.53%)	6.07%	5.28%	2

Actuaries from Milliman will be at the Board meeting to discuss this report and answer questions.